

FOND DU LAC COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2007

As the management of Fond du Lac County (the County), we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended 12/31/07. We encourage readers to consider the information presented here.

Financial Highlights

- The assets of the County exceeded its liabilities as of 12/31/07 by \$82,835,228 (*net assets*). Of this amount, \$7,605,901 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$5,020,279 (Governmental Activities increased by \$1,054,482; Business-type Activities increased by \$3,965,797). Several factors contributed to the overall increase as follows:
 - The Care Management Organization net assets increased \$1,525,553. Capitated rates per member per month established by the State for the year exceeded the current year program costs incurred.
 - The Airport net assets increased \$1,762,329. Depreciation expense was \$498,139 with only \$7,500 of offsetting county outlay for capital assets. \$2,256,230 of state and federal capital contributions were recorded in the current year.
- The property tax rate decreased per \$1,000 of property value for the year ended 12/31/06 to \$4.98, down from the prior year rate of approximately \$5.10.
- The property tax levy increased \$1,344,202 (4.59%) in support of the 2007 budget, over the prior year. Most of this increase was directed toward the following principal budget categories: \$313,651 for public works and \$498,750 for general government.
- The County paid share of health insurance costs only increased \$42,618 (0.6%) for the year ended 12/31/07, due to reduced participation and the downsizing of Rolling Meadows Nursing and Rehabilitation Center in September, 2006. Monthly premium rate increases averaged 2.9% for 2007, over 2006 rates.
- Investment earnings decreased by \$88,321 from the prior year primarily due to declining interest rates in the last quarter of 2007.
- As of 12/31/07, the County's governmental funds reported combined ending fund balances of \$13,897,100, an increase of \$2,710,435 in comparison with the prior year end. Approximately 87% of this total amount, \$12,121,009 is *available for spending* at the County's discretion (*unreserved fund balance*).
- As of 12/31/07, the unreserved and undesignated fund balance for the general fund was \$4,632,135, or approximately 13.0% of total general fund expenditures.
- The County's total general obligation debt increased by \$1,555,000 (5.1%) during 2007. \$4,500,000 of new long term general obligation promissory notes were issued in 2007 for the purpose of paying the costs of circuit court, medical examiner and health care center remodeling; upgrading the Sheriff/Communication Dispatch Center radio system; parks and fairgrounds facility improvements; highway projects; and various other projects included in the County's five-year capital improvement plan.
- County management supports a voluntary layoff program that generated a net 2007 savings in salaries and wage related benefits of approximately \$33,000.

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Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include: general government, public safety, public works, health and human services, culture, recreation, and education and conservation and development. The business-type activities of the County include: a highway operation, a care management organization for long term care of the elderly and disabled, a health care facility, a nursing home, an airport, a golf course and a solid waste landfill.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Housing Authority of Fond du Lac County for which the County is financially accountable. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14 - 17 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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The County maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, county road & bridge fund, department of community programs fund, department of social services fund, capital projects fund and debt service fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 18 - 27 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its highway operation, care management organization, health care facility, nursing home, airport, golf course and solid waste landfill. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its central maintenance and its health self-insurance services. Because these services predominantly benefit governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the highway operation, care management organization, health care facility, nursing home and airport, all of which are considered to be major funds of the County. Data from the other two enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. Data from the two internal service funds is presented as a single column in the proprietary fund financial statements. Individual fund data for each of these internal service funds is provided in the form of combining statements elsewhere in the report.

The basic proprietary fund financial statements can be found on pages 28 - 31 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 32 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33 - 51 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 52 - 77 of this report.

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Government-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$82,835,228 at the close of 2007.

Fond du Lac County's Net Assets						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 55,164,075	\$ 47,460,349	\$ 16,347,371	\$ 14,116,476	\$ 71,511,446	\$ 61,576,825
Capital assets	72,861,281	72,666,296	16,964,789	15,066,660	89,826,070	87,732,956
Total assets	128,025,356	120,126,645	33,312,160	29,183,136	161,337,516	149,309,781
Long-term liabilities outstanding	33,493,541	31,937,936	677,633	938,564	34,171,174	32,876,500
Other liabilities	37,797,719	36,090,568	6,533,395	6,109,237	44,368,196	42,199,805
Total liabilities	71,291,260	68,028,504	7,211,028	7,047,801	78,502,288	75,076,305
Net assets:						
Invested in capital assets, net of related debt	46,358,203	46,292,246	16,715,229	14,766,660	63,073,432	61,058,906
Restricted	3,509,510	50,000	8,646,385	7,132,257	12,155,895	7,182,257
Unrestricted	6,866,383	5,755,895	739,518	236,418	7,605,901	5,992,313
Total net assets	\$ 56,734,096	\$ 52,098,141	\$ 26,101,132	\$ 22,135,335	\$ 82,835,228	\$ 74,233,476

By far the largest portion of the County's net assets (76.1%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (14.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$7,605,901) may be used to meet the County's ongoing obligations to citizens and creditors.

Depreciation expense for governmental activities reflected in the statement of activities is \$4,586,830. This is an expense without a cashflow so there is no offsetting revenue (tax levy) reflected in the statement of activities. This would have the effect of reducing net assets in the statement of activities.

The amount levied for principal payment on governmental activity debt reflected in property tax revenue is \$2,800,000. This revenue is reflected in the statement of activities. The funds were used for the payment of principal on debt which would not appear on the statement of activities. This would have the effect of increasing net assets on the statement of activities.

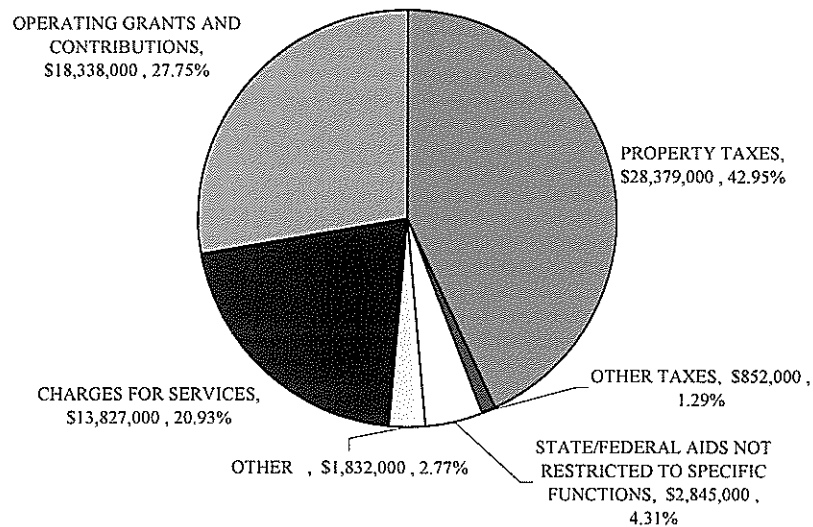
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Change in net assets. At the end of the current fiscal year, governmental activities increased the County's net assets by \$1,054,482, while business-type activities increased net assets by \$3,965,797. The Care Management Organization had another exceptional year, generating an increase in net assets of \$1,525,553. Key elements of the change in net assets are as follows:

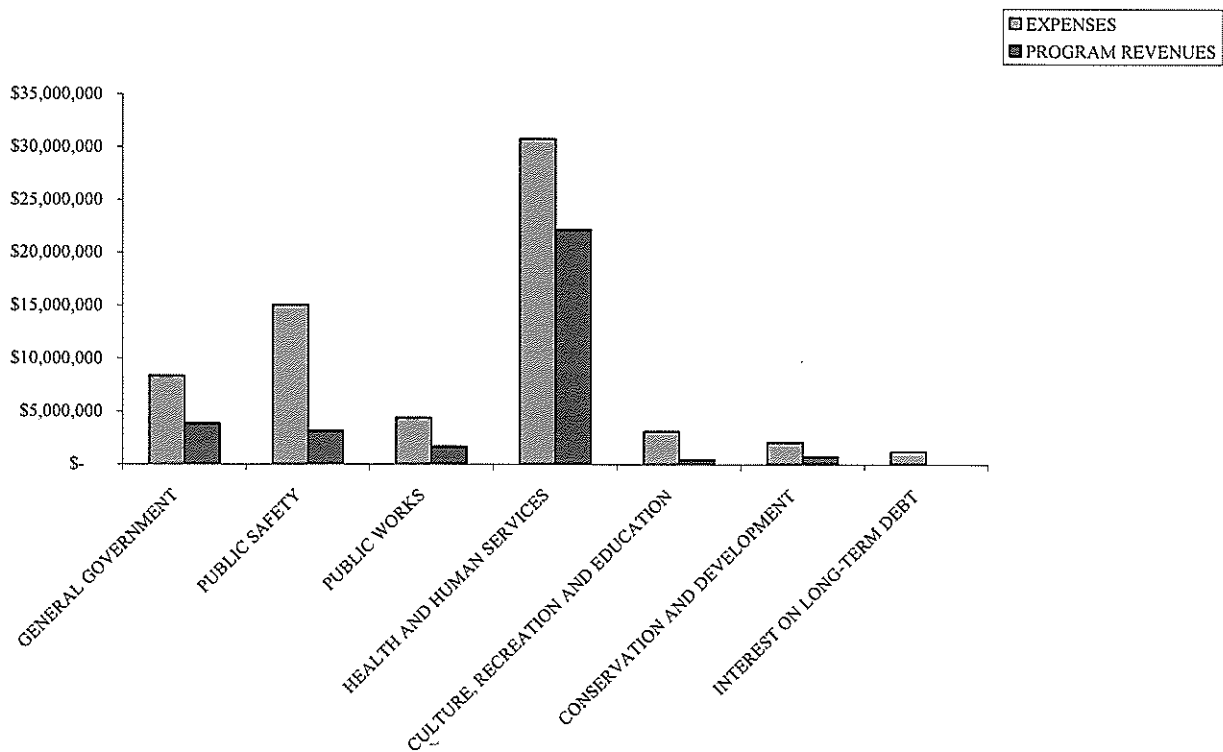
Fond du Lac County's Change in Net Assets						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 13,827,385	\$ 13,729,543	\$ 48,444,103	\$ 45,331,724	\$ 62,271,488	\$ 59,061,267
Operating grants and contributions	18,338,324	20,179,443	1,945,828	1,190,181	20,284,152	21,369,624
Capital grants and contributions	-	-	2,256,230	303,010	2,256,230	303,010
General revenues:						
Property taxes	28,378,605	26,701,222	2,236,616	2,544,598	30,615,221	29,245,820
Other taxes	852,175	891,743	183	167	852,358	891,910
State and federal aids not restricted to specific functions	2,844,669	2,846,227	-	-	2,844,669	2,846,227
Other	1,831,679	2,377,628	559,294	106,882	2,390,973	2,484,510
Total revenues	66,072,837	66,725,806	55,442,254	49,476,562	121,515,091	116,202,368
Expenses:						
General government	8,373,739	9,061,533	-	-	8,373,739	9,061,533
Public safety	15,056,846	14,157,712	-	-	15,056,846	14,157,712
Public works	4,411,144	3,802,488	-	-	4,411,144	3,802,488
Health and human services	30,783,770	31,721,661	-	-	30,783,770	31,721,661
Culture, recreation and education	3,113,367	3,450,219	-	-	3,113,367	3,450,219
Conservation and development	2,088,114	1,724,791	-	-	2,088,114	1,724,791
Interest on long-term debt	1,217,670	1,281,750	-	-	1,217,670	1,281,750
Highway	-	-	10,601,811	9,121,816	10,601,811	9,121,816
Care Management Org	-	-	30,051,623	26,607,031	30,051,623	26,607,031
Health Care Center	-	-	7,543,068	7,275,405	7,543,068	7,275,405
Rolling Meadows Nursing/Rehab Center	-	-	1,865,852	4,437,933	1,865,852	4,437,933
Airport	-	-	619,882	534,226	619,882	534,226
Golf Course	-	-	724,690	741,449	724,690	741,449
Landfill	-	-	43,236	45,760	43,236	45,760
Total expenses	65,044,650	65,200,154	51,450,162	48,763,620	116,494,812	113,963,774
Increase (decrease) in net assets before transfers	1,028,187	1,525,652	3,992,092	712,942	5,020,279	2,238,594
Transfers	26,295	(1,629,206)	(26,295)	1,629,206	-	-
Increase (decrease) in net assets	1,054,482	(103,554)	3,965,797	2,342,148	5,020,279	2,238,594
Net assets - January 1	52,098,141	52,201,695	22,135,335	19,793,187	74,233,476	71,994,882
Prior period adjustment	3,581,473	-	-	-	3,581,473	-
Net assets - December 31	\$ 56,734,196	\$ 52,098,141	\$ 26,101,132	\$ 22,135,335	\$ 82,835,228	\$ 74,233,476

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REVENUES BY SOURCE-GOVERNMENTAL ACTIVITIES

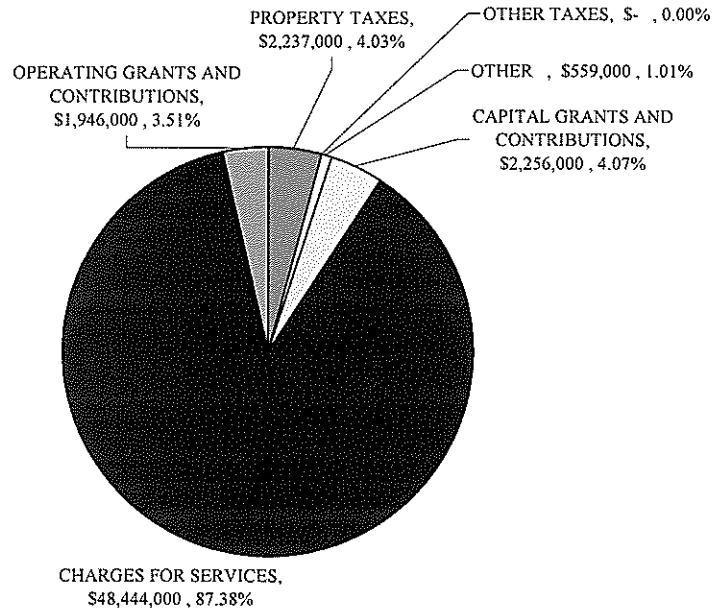


EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES

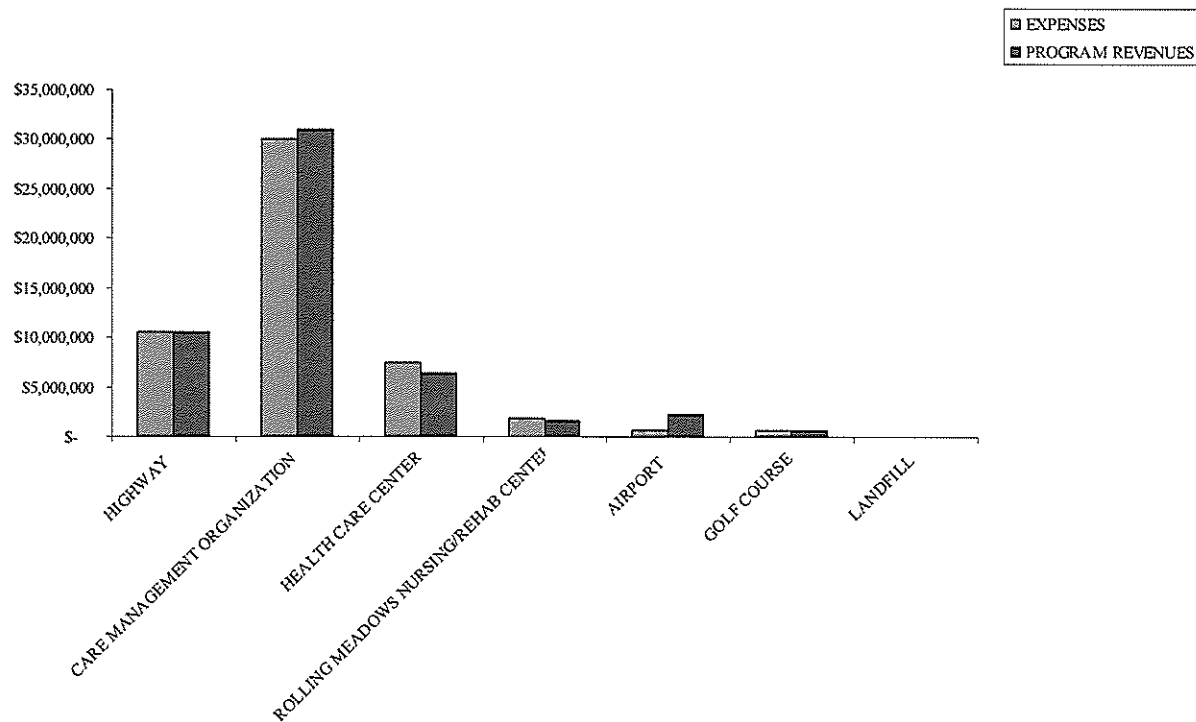


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REVENUES BY SOURCE-BUSINESS-TYPE ACTIVITIES



EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES



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Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of year end, the County's governmental funds reported combined ending fund balances of \$13,897,100, an increase of \$2,710,435 in comparison with the prior year. Approximately 87.2% of this amount (\$12,121,009) constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for current year purchases of inventory and prepayments that benefit periods beyond the end of the current year (\$472,430), 2) for non-liquid delinquent taxes (\$1,235,185), 3) for retirement of long-term debt (\$18,476), and 4) for the Sheriff Canine Permanent Fund (\$50,000).

The general fund is the main operating fund of the County. At the end of the current year, unreserved and undesignated fund balance of the general fund was \$4,632,135, while total fund balance reached \$11,755,780. As a measure of the general fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 13.0% of total general fund expenditures, while total fund balance represents 33.0 % of that same amount.

The County's total general fund balance increased \$1,217,197 during the current year. Key factors in this growth are as follows:

- Transfer of the Department of Community Programs excess budget surplus of \$1,967,229 to the General Fund.
- Transfer of the Department of Social Services excess budget surplus of \$201,069 to the General Fund.
- Unreserved, designated general fund balances increased by \$673,562 from year end 2006 to year end 2007.

The County Road & Bridge Fund has a total fund balance of \$77,354. All of this balance is unreserved. The total fund balance represents 1.5% of total fund expenditures. The fund balance of the County Road & Bridge Fund decreased \$278,494 during the current year, due to extreme winter conditions requiring above average salt usage.

The Department of Community Programs has a total fund balance of \$116,500. Of this balance, \$25,611 is unreserved. The total fund balance represents 1.1% of total fund expenditures. The fund balance of the Department of Community Programs decreased \$20,400, after a return of \$1,967,229 of excess budget surplus to the General Fund. The Department of Community Programs generally maintains a minimal fund balance. Budget surplus is returned to the General Fund annually. The budget surplus was generated, in part, by revenue from other counties for acute unit patients being approximately \$590,000 more than the final amended revenue budget; and provider contract services, department wide, were under the final amended expenditure budget by approximately \$1,860,000.

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The Department of Social Services has a total fund balance of \$49,000. All of this balance is reserved. The total fund balance represents less than 1.0% of total fund expenditures. The fund balance of the Department of Social Services decreased \$26,750, after a return of \$201,069 of excess budget surplus to the General Fund. The Department of Social Services generally maintains a minimal fund balance. Budget surplus is returned to the General Fund annually. This is a minimal budget surplus with no key factors to note.

Proprietary funds. The County's proprietary funds provide the same type of information found in the County's government-wide financial statements, but in more detail.

Unrestricted net assets of the major proprietary funds are listed in the following table. Also displayed in this table is the total growth in net assets for the current year.

	Highway	Health Care Center	Rolling Meadows Nursing/ Rehab Center	Airport
Unrestricted Net Assets – Beginning of Year	\$ 6,155,807	\$ 1,995,185	\$ 560,303	\$ 4,587,525
Unrestricted Net Assets – End of Year	6,217,996	2,549,733	695,670	6,349,854
Total Growth In Net Assets	\$ 62,189	\$ 554,548	\$ 135,367	\$ 1,762,329

The net assets of the Care Management Organization are considered restricted and increased by \$1,525,553 to \$8,747,658.

Intergovernmental Transfer Program payments to our two nursing homes decreased \$88,652 for 2007 from the prior year. The decrease in this funding source is expected to double for 2008. The costs of providing nursing homes services continues to escalate, while the Federal and State government continues to reduce payments to the County for these service programs. This adds upward pressure to the tax levy demands to operate the County's two nursing homes. In light of the tax levy limits imposed by the State legislatively, the County Executive and the County Board were forced to make a difficult decision as the costs to provide all the services currently provided, increase at a faster rate than the ability to tax. In the summer of 2006, the County Board, as recommended by the County Executive and County Management, downsized Rolling Meadows Nursing and Rehabilitation Center to a 24 bed unit located at the Health Care Center, 459 East 1st Street. The facility at 1155 South Military Road has been vacated and the property is still for sale.

Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Differences between the original adopted budget and the final amended budget amount to a \$1,815,211 (5.0%) net increase in appropriations and can be briefly summarized as follows:

- \$1,305,006 of additional carryover of unencumbered appropriations in funding or restricted program revenue (not planned at time of budget adoption).
- \$221,850 of transfers from the Salary/Fringe Contingency Reserve account.
- \$167,723 of new grant revenues and expenditures.
- \$11,285 of general fund appropriations during the year for past transformer rent at the fairgrounds, inadvertently omitted from our monthly utility bills by Alliant Energy.

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During the year, actual revenues were less than final budgeted revenues by a net amount of \$38,921 primarily in Intergovernmental – Housing/Economic Development – Community Development Block Grant (\$242,500) and Miscellaneous Income – Interest Income (\$678,997). Actual expenditures were less than final budgeted expenditures by a net amount of \$2,434,492 primarily in Public Safety – Dispatch Center (\$231,999), Health & Human Services – Transportation/Senior (\$384,038), Culture, Recreation & Education – Parks (\$274,444), and Contingency – Salary/Fringe (\$483,950).

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of year end amounts to \$89,826,070 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress, if applicable. The total increase in the County's investment in capital assets (net of accumulated depreciation) for the current year was \$2,093,114 or a 2.4% increase over last year (a \$194,985 increase for governmental activities and a \$1,898,129 increase for business-type activities).

Major capital assets acquired or constructed during the year include:

- Western Ave Annex - \$392,379, remodel morgue facility.
- Dispatch Center - \$310,747, purchase E911 phone system upgrade..
- Airport - \$1,608,769, reconstruct and expand aircraft apron; \$1,565,769 was funded by state and federal contributed capital.

Fond du Lac County's Capital Assets (net of accumulated depreciation)						
	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 1,793,715	\$ 1,793,715	\$ 980,404	\$ 859,641	\$ 2,774,119	\$ 2,653,356
Land improvements	1,987,863	1,961,532	8,183,846	6,348,713	10,171,709	8,310,245
Buildings/building Improvements	35,683,056	36,557,882	2,894,196	3,043,062	38,577,252	39,600,944
Machinery and equipment	3,380,117	3,097,947	4,906,343	4,815,244	8,286,460	7,913,191
Infrastructure	30,016,530	29,255,220	-	-	30,016,530	29,255,220
Total	\$72,861,281	\$72,666,296	\$16,964,789	\$15,066,660	\$89,826,070	\$87,732,956

Additional information on the County's capital assets can be found in Note C. 5 on pages 43 - 44 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$31,795,000:

Fond du Lac County's Outstanding Debt General Obligation Debt						
	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation debt:						
Bonds	\$24,045,000	\$25,610,000	\$ 155,000	\$ 300,000	\$24,200,000	\$25,910,000
Notes	7,595,000	4,330,000	-	-	7,595,000	4,330,000
Total general obligation debt	\$31,640,000	\$29,940,000	\$ 155,000	\$ 300,000	\$31,795,000	\$30,240,000

The County's total debt increased \$1,555,000 (5.1%) during the current fiscal year.

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The County maintains an Aa2 rating from Moody's Investors Service for its general obligation debt.

State statutes limit the amount of general obligation debt the County may issue to 5% of its total equalized valuation. The current debt limitation for the County is \$336,661,460, which is significantly in excess of the County's \$31,795,000 in outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note C. 8 on pages 46 - 48 of this report

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Fond du Lac County was 4.4% in December, 2007, down from 4.5% in December, 2006. This compares favorably to the State of Wisconsin's unemployment rate of 4.6% in December, 2007.
- The economic condition and outlook of the County has remained fairly stable based on a relatively healthy mix of manufacturing, tourism, service industry, retail, and farming activities, which support our tax base.
- Inflationary trends in our region compare favorably to national indices.
- During the current year, unreserved fund balance in the general fund increased \$944,352 to \$10,216,465. The County has appropriated \$1,800,000 of this amount for spending in the 2008 adopted budget.

All of these factors were considered in preparing the County's budget for the 2008 fiscal year.

Limits have been imposed on the property tax levy rates for Wisconsin counties. There are separate limits for the operating levy and the debt service levy. The baseline for the limits is the actual 1992 tax rate adopted for the 1993 budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the County qualifies for one of the exceptions allowed under the statute. The statute establishes specific penalties for failure to meet the levy rate freeze requirements. Among the penalties for exceeding the limits is the reduction of state shared revenues and transportation aids.

Another limit has been imposed legislatively on the total property tax levy for Wisconsin counties for a two year period by Wisconsin Act 25, effective July 25, 2005. Wisconsin State Budget bill SB40 continues the limit on the property tax levies through 2009. The budget bill limits the increase in the maximum allowable tax levy to the greater of the percentage change in the County's January 1st equalized value as a result of net new construction or 3.86% in the 2008 budget and 2.0% for the 2009 budget. The actual limit for the County for the 2008 budget was 3.86%. However, the Act allows the limit to be increased for debt service authorized prior to July 1, 2005 and in certain other situations.

Upon adoption of the budget for the 2007 fiscal year, the County's operating levy rate of \$4.19 is approximately \$0.46 below the allowable operating levy rate of \$4.65. The operating levy could legally be increased under the property tax levy rate limit by \$3,011,868. The debt service levy rate of \$0.65 is well below the allowable debt service levy rate of \$0.96. The debt service levy could legally be increased under the property tax levy rate limit by \$2,025,143. The tax levy limit is applied to both operations and debt service. For the adopted 2008 budget, the County total tax levy is equal to the allowable property tax levy limit

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director, Fond du Lac County, Finance Department, 160 South Macy Street, Fond du Lac, WI 54935. The Finance Department may also be contacted via the internet. Please visit the Fond du Lac County home page at www.fdlco.wi.gov, select the "Your Government" tab, then the "Finance" tab.